

DOUGLAS COUNTY MEMORIAL HOSPITAL  
708 8th STREET  
ARMOUR, SD 57313

<b>TITLE: Financial Assistance Policy</b>	POLICY: BO-5
	Effective Date: 01/99
	Reviewed & Revised last: 04/18
<b>Department: Business Office</b>	Approved by: Chief Financial Officer

**I. Purpose**

- Douglas County Memorial Hospital has adopted, & updated, this Financial Assistance Policy to comply with the 501(r) IRS regulations, Medicare billing regulations for cost reports, and provide a standard way in which the facility will evaluate Financial Assistance Applications provided by the patient to the facility. The application is designed to help the facility determine the patient’s financial ability to pay its medical expenses as a last resort in satisfying a patient’s account, and cannot be applied in lieu of governmental assistance programs.

**II. Policy**

- Patients who receive medically necessary care are able to apply for financial assistance with the Douglas County Memorial Hospital. Anyone who is granted financial assistance will have their financial obligation reduced.

**III. Definitions**

- **Indigent by Design:** Anyone who: is able to work but chooses not to work; is a student at a postsecondary institution who has chosen not to purchase health insurance; has failed to purchase or elect medical insurance or health benefits made available through an employer-based health benefit plan despite having the financial ability to purchase or elect the insurance or health benefits; has failed to purchase available health insurance although the individual was insurable and was financially able to purchase insurance; or has intentionally transferred resources for the purpose of establishing a need for financial assistance.
- **Medical Necessity:** Health care services or products that a prudent physician would provide to a patient for the purpose of preventing, diagnosing or treating an illness, injury, disease or its symptoms in a manner that is: (a) in accordance with generally accepted standards of medical practice; (b) clinically appropriate in terms of type, frequency, extent, site, and duration; and (c) not primarily for the economic benefit of the health plans and purchasers or for the convenience of the patient, treating physician, or other health care provider. (AMA definition of “medical necessity” Policy H-320.953(3) Year Last Modified: 2016)
- **Medically Indigent:** Patient who’s medical or hospital bills, after payment by third-party payers, exceed the financial resources available to the patient. In considering the patient’s total resources, this would include assets (only those convertible to cash, and unnecessary for the patient’s daily living), liabilities, and income and expenses. After considering the patient’s total resources, the amount owed by the patient exceeds the patient’s ability to pay.

- **Non-Covered Services by Financial Assistance:** “Medical necessity” does not include cosmetic, procedures, birth control, or fertility treatments, non-emergent dental services, experimental care, tests, or treatment, hearing aids, retail pharmacy services, or similar care. DCMH reserves the right to determine, on a case-by-case basis, whether the care and services meet the definition of “medical necessity” for the purpose of eligibility for financial assistance. Services received from care providers not employed by DCMH (i.e. private and/or non-DCMH medical and physician professionals, etc.) are also non covered services by financial assistance. Patients need to contact these providers directly to seek any available assistance that such providers may allow. (See Non-Covered Providers for a full list of providers delivering medically necessary care that are not covered by this policy.)
- **Presumptive Financial Assistance:** A determination that a patient is presumed eligible for financial assistance when adequate information is provided by the patient, or through other sources which provide adequate information to allow for the determination that the patient qualifies for financial assistance.

#### IV. Criteria

- Once care has been determined to be “medically necessary” a patient is eligible to receive full or partial financial assistance subject to the following criteria:
  - Completion of a Financial Assistance Application and submission of all necessary and applicable supporting documentation requested by DCMH to determine financial need. Generally, the income of the household compared to the federal poverty guidelines at the time of the application is what will be used for the determination. Exceptions may apply in situation including the following, but are not limited to: employment status; total amount of debt; assets (only those convertible to cash, and unnecessary for the patient’s daily living). DCMH will consider any exceptions on a case-by-case basis.
  - Based on the above criteria the sliding fee scale will apply with consideration for any exceptions from partial assistance up to full assistance.

- **Sliding Fee Scale**

<u>Income Level</u>	<u>Adjustment</u>
· 0-125% of Poverty Guidelines	100% Discount
· 126-150% of Poverty Guidelines	85% Discount
· 151-175% of Poverty Guidelines	60% Discount
· 176-200% of Poverty Guidelines	45% Discount

#### V. Charge Calculations

- DCMH charges the same gross charges to all individuals in compliance with Medicare billing regulations.
- To comply with the 501(r) regulation, DCMH uses the look-back method to determine the amounts generally billed (AGB). This is calculated by multiplying the gross charges by an AGB percentage of 63%. The AGB percentage was calculated based on all claims allowed by Medicare

and private health insurers over the months of June 2016 through May 2017, divided by the associated gross charges for these claims.

- . Anyone determined to be eligible for financial assistance, based on this policy, may not be charged more than the AGB percentage listed in the previous paragraph.

## **VI. Applying for Financial Assistance**

- . Three sets of documents are required to be turned in for the financial assistance application to be considered complete for processing.
  - . Copy of the most recent federal tax return.
  - . Copy of the last two paystubs.
  - . Completed & signed financial assistance application.
- . These documents must be turned into the Business Office located at 708 8<sup>th</sup> Street, Amour, SD 57313.
- . Any questions regarding the financial assistance process, including questions about how to complete the application, can be directed to the Business Office, and they can be contacted at 605-724-2159.

## **VII. Billing and Collections**

- . Billing will consist of regular statements being sent to patients which will include any information regarding changes on their account including any payments, discounts, or adjustments that have occurred between statements.
- . Additionally, DCMH may also make phone calls to attempt to discuss with the patients about their statement regarding potential collection or any need of financial assistance they may have.
- . There will be no extraordinary collection activities (ECA) taken by DCMH during the first 120 days from the first post discharge statement. All patients will have the opportunity to apply for financial assistance for at least the first 240 days from the first post discharge billing statement.
- . In attempt to inform patients of DCMH's financial assistance policy, the facility will take the following measures:
  - . Have a copy of this policy, the plain language summary, and the application available on the facilities website at [www.dcmhsd.org/financial-assistance/](http://www.dcmhsd.org/financial-assistance/)
  - . Provide a copy of all forms upon request at no cost to the patient, either through the mail or in person.
  - . Have copies of all forms in waiting areas of the clinics and the emergency room.
  - . Provide a copy of the plain language summary at discharge from the hospital.
  - . Notify patients on their billing statement of the facility's financial assistance policy including the website address and a phone number for the business office.
- . The Chief Financial Officer will be responsible for a review of all patient accounts to ensure proper attempts have been made to notify the patient of the financial assistance policy prior to initiating any extraordinary collection activities.

## **VIII. Presumptive Financial Assistance**

- . In the circumstance that DCMH cannot collect information from the patient, the facility will review an account for potential for presumptive financial assistance. This requires a look at the account from as many information sources as DCMH can obtain. These may include known public assistance programs, homelessness, lack of unemployment, law enforcement information, physicians, nurses, business office personnel, community groups, religious groups, third party vendors, or other sources.
- . If presumptive financial assistance is provided, it will be made as a full write-off (free care) because of the inability for further information to be gathered.
- . Patients that have applied for charity care assistance will be notified in writing of the determination of the facility.
- . Additional information may be requested by the facility in order to adequately determine the financial status of the individual.

## **IX. Non-Covered Providers**

- . All providers at DCMH are covered under this policy unless specifically listed below.
  - . Radiologist Reading
  - . Pathologist Reading
  - . Cardiology Professional Fees
  - . Optometry Services
  - . Podiatry Professional Fees
  - . OB/GYN Professional Fees
  - . Orthopedic Professional Fees
  - . Surgery Professional Fees – either surgery or consultation visits